

September 1997
FS-97-18

IRS BY THE NUMBERS

RETURNS / REVENUES

Every year the number of tax returns filed by American taxpayers increases, as do the gross collections the IRS brings into the federal government.

<u>Year</u>	<u>Gross Collections</u>	<u>Returns Filed</u>	<u>Indiv. Returns</u>
FY-90	\$ 1.056 Trillion	201.7 million	112.5 million
FY-91	\$ 1.087 Trillion	203.7 million	114.1 million
FY-92	\$ 1.121 Trillion	204.1 million	115.0 million
FY-93	\$ 1.177 Trillion	207.4 million	114.2 million
FY-94	\$ 1.276 Trillion	205.0 million	114.9 million
FY-95	\$ 1.376 Trillion	205.7 million	116.3 million
FY-96	\$ 1.487 Trillion	208.9 million	118.8 million

INDIVIDUAL INCOME TAX RETURNS (through first week of September)

The vast majority of taxpayers have only one interaction with the Internal Revenue Service in the course of a year -- filing their tax return and receiving their refund.

	<u>1996</u>	<u>1997</u>
Returns received:	116,837,000	118,757,000
Refunds sent:	78,274,000	80,583,000
Amount refunded:	\$ 95.589 Billion	\$ 102.576 Billion
Average refund:	\$ 1,222	\$ 1,273

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ELECTRONIC FILING

Since 1986 the IRS has been making it easier for taxpayers to file returns by offering them an array of choices in the way they can file, including electronic filing -- either through return preparers or from personal computers -- and TeleFile, the file-by-phone system. Since 1992 taxpayers in some states have been able to file both their state and federal returns in one transmission.

	Standard ELF	TeleFile	Fed/State
1986	25,000	-----	-----
1987	78,000	-----	-----
1988	583,000	-----	-----
1989	1,161,000	-----	-----
1990	4,193,000	-----	-----
1991	7,575,000	-----	-----
1992	10,924,000	126,000	156,000
1993	12,342,000	149,000	600,000
1994	13,510,000	519,000	1,130,000
1995	11,143,000	680,000	1,554,000
1996	12,139,000	2,840,000	3,165,000
1997*	14,447,000	4,694,000	4,318,000

(* as of Sept. 5)

TAXPAYER SERVICE

IRS continues to make it easier for taxpayers to get the information and answers they need in order to file their returns and get information about their tax accounts.

	<u>FY-92</u>	<u>FY-93</u>	<u>FY-94</u>	<u>FY-95</u>	<u>FY-96</u>
# Assisted (Total)	75.4 M	73.4 M	73.3 M	107.9 M	104.8 M
-- Toll-free	35.7 M	36.2 M	35.5 M	39.2 M	45.1 M
-- TeleTax	32.3 M	30.1 M	30.7 M	61.0 M	53.3 M
-- Walk-In/Corres	7.4 M	7.1 M	7.1 M	7.7 M	6.4 M
Toll-free Access	69.7%	60.4%	53.1%	38.8%	46.0%
Toll-free Accuracy	88.4%	88.7%	90.1%	91%	91%

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IRS BUDGET and STAFFING

The increase in IRS workload in terms of returns filed, revenue collected, and taxpayers assisted has been accomplished while the IRS budget has declined in recent years and the size of the workforce has decreased.

	<u>FY-91</u>	<u>FY-92</u>	<u>FY-93</u>	<u>FY-94</u>	<u>FY-95</u>	<u>FY-96</u>	<u>FY-97</u>
Budget	\$6.11B	\$6.68B	\$7.11B	\$7.35B	\$7.48B	\$7.35B	\$7.22B
Staff	114,628	116,673	113,460	110,748	112,024	106,351	102,100

TAX GAP ESTIMATES - TAX YEAR 1992

Each year the size of the individual income tax gap increases. The tax gap is the difference between taxes owed and taxes Americans pay voluntarily and timely in any tax year.

Nonfiling	\$ 13.5 - 13.8 Billion
Underreporting	\$ 71.3 - 73.1 Billion
Underpayment	\$ 8.4 Billion
Gross Tax Gap	\$ 93.2 - 95.3 Billion

ACCOUNTS RECEIVABLE DELINQUENCY INVENTORY (ARDI)

The IRS maintains an inventory of delinquent accounts receivable -- money that is owed the government. By law, accounts must be kept on IRS's books for 10 years, whether collectible or not. For 1996 about half of the gross receivable total is considered currently not collectible for various reasons, including personal hardship

FY-96 ARDI (\$ in billions)

Gross ARDI	\$ 216.3
Pending court action	18.4
Deferred	1.6
Notices	10.8
Installment Agreement	13.4
Available for Collection	40.8
Trust Fund	16.9
Currently Not Collectible	105.8

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Currently Not Collectible	\$ 105.8
Defunct Corporations	32.8
Deceased taxpayer	3.0
Bankrupt	9.7
Hardship	29.2
Unable to locate	5.8
Unable to contact	3.3
RTC	18.4
NonMaster File	3.0
Other	0.3

OPTIONS OFFERED IN THE COLLECTION PROCESS

Taxpayers who are unable to pay the full tax they owe have several alternatives -- they can set up an installment arrangement or seek an offer in compromise. IRS has modified procedures to make these alternatives easier to use.

INSTALLMENT AGREEMENTS

<u>Year</u>	<u># Taxpayers</u>	<u># Modules</u>	<u>\$ to IAs</u>
FY-91	1,111,470	1,770,297	3,868,792,000
FY-92	1,516,556	2,504,219	5,664,528,000
FY-93	2,543,763	3,946,047	8,500,285,000
FY-94	2,688,673	4,420,014	8,420,032,000
FY-95	2,501,955	4,395,258	10,567,841,000
FY-96	2,670,705	4,769,627	12,142,916,000

OFFERS-IN-COMPROMISE

(\$ in millions)

	<u>FY-91</u>	<u>FY-92</u>	<u>FY-93</u>	<u>FY-94</u>	<u>FY-95</u>	<u>FY-96</u>
Received	8,711	17,749	49,954	52,127	58,720	60,893
# Accepted	1,995	4,356	18,020	25,017	26,668	27,673
% Accepted	25%	45%	53%	50%	49%	48%
\$ Accepted	37	106	209	281	297	287
\$ Total tax owed	140	661	1,377	1,634	1,856	2,169

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COLLECTION YIELD ON DELINQUENT ACCOUNTS

Using the collection tools that Congress has given it, IRS collections of taxes owed the federal government have increased in recent years and have become more efficient, thanks in part to the increased use of installment agreements and offers in compromise

	<u>FY-92</u>	<u>FY-93</u>	<u>FY-94</u>	<u>FY-95</u>	<u>FY-96</u>
\$ collected	\$24.23 B	\$22.81 B	\$23.45 B	\$25.15 B	\$29.78 B
% change (prior-yr)	-0.2%	-5.9%	2.8%	7.2%	18.4%

EXAMINATIONS (AUDITS)

While the number of returns filed each year has grown, the number and percentage of returns examined has remained relatively constant. In fact, taxpayers who report income for which there is matching third-party data filed with the IRS have very little likelihood of being audited.

AUDIT COVERAGE RATES (Income Tax Returns)

<u>FY</u>	<u>INDIVIDUAL RETURNS</u>		<u>CORPORATE RETURNS</u>	
	<u>Percent</u>	<u># Audits</u>	<u>Percent</u>	<u># Audits</u>
1991	1.17	1,313,168	2.52	67,618
1992	1.06	1,206,019	3.04	79,597
1993	0.92	1,058,966	3.05	79,873
1994	1.08	1,225,707	2.31	58,110
1995	1.67	1,919,437	2.05	51,808
1996	1.67	1,941,540	2.34	59,832